

We inspire all students to embrace a lifelong love of learning, to achieve their goals and to be compassionate citizens who contribute to the global community.

#### **Annual Financial Report**

Year Ended June 30, 2008



Annual Financial Report Year Ended June 30, 2008

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## Board of Education and Appointed Officials June 30, 2008

#### **Board of Education**

President Tim Postma

Vice-President Dick Holman

Secretary Stacey Snyder

Treasurer Lori Rander

Trustee Ira Engeltjes

Trustee Carol Olthoff

Trustee Lynn VanSickle

#### **Appointed Officials**

Superintendent Kevin R. O'Neill

Director of Finance Catherine L. Kloska

Board of Education Administrative Assistant Heather D. Gibbons

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#### **Independent Auditors' Report**

Board of Education Coopersville Area Public Schools Coopersville, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Coopersville Area Public Schools (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coopersville Area Public Schools at June 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 25, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the combining, individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Coopersville Area Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Grand Rapids, Michigan

DDO Seidma, LLP

August 25, 2008

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#### Management's Discussion and Analysis

Coopersville Area Public Schools (the District) is located in Ottawa County, Michigan. The accompanying financial statements have been completed in compliance with the provisions of Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements - and Management's Discussion and Analysis (MD&A) - for State and Local Governments with the enclosed financial statements. The discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to provide, in layman's terms, a look at the District's current and past financial performance and position. Certain comparative information between the current year and the prior year is presented in the MD&A. Readers should also review the notes to the financial statements to enhance their understanding of the District's financial performance.

#### **Brief Description of the Financial Statements**

This Annual Financial Report (AFR) consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District's financial position as a whole. The *District-Wide Financial Statements* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements present how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the district-wide financial statements by providing information about the District's most significant funds, which include the General Fund, Common Debt Fund and 2006 School Building and Site Capital Project Fund with the three special revenue funds presented in one column as other governmental funds or nonmajor funds. The remaining statements include the Internal Service Fund, which accounts for the District's retirement payments and the Statement of Fiduciary Net Assets, which presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents.

#### Reporting the District as a Whole - District-Wide Financial Statements

One of the most important questions asked about the District is, "Is the District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include *all* assets and liabilities, using the *full accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or bills paid.

These two statements report the District's *net assets* - the difference between assets and liabilities, as reported in the Statement of Net Assets, as one way to measure the District's *financial position*. Over time, *increases or decreases* in the District's net assets, as reported in the Statement of Activities, are one indicator of whether its *financial position* is improving or deteriorating. The relationship between revenues and expenses is the District's *operating results*. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the *overall health* of the District.

The Statement of Net Assets and Statement of Activities report the governmental activities for the District, which encompass all of the District's services, including instruction, operations and maintenance, transportation, athletics and food services. Property taxes, sales taxes, foundation allowance revenue, state and federal grants and payment of fees finance most of these activities.

#### Reporting the District's Most Significant Funds - Fund Financial Statements

The District's Fund Financial Statements provide detailed information about the most *significant funds* not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes other funds to help it control and manage money for particular purposes (like the Food Service Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants the District receives from the U.S. Department of Education). The governmental funds of the District are accounted for using the following accounting guidelines:

Governmental funds - All of the District's services are reported in governmental funds. Governmental Fund reporting focuses on showing how money flows in to and out of funds and the balances left at year-end. They are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed *short-term view* of the operations of the District and the services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation report.

## Condensed Financial Information and Analysis of the District's Overall Financial Position and Results of Operations

#### The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets at fiscal years ended June 30, 2008 and 2007:

Table 1

June 30,	Governmental Activities 30, 2008		Governmental Activities 2007	
Assets				
Current assets	\$	39,090,046	\$	48,633,728
Noncurrent assets		56,306,259		44,791,123
Total Assets		95,396,305		93,424,851
Liabilities				
Current liabilities		8,260,057		6,233,638
Noncurrent liabilities		82,340,068		83,449,467
Total Liabilities		90,600,125		89,683,105
Net Assets				
Invested in capital assets, net of related debt		(3,226,482)		(2,038,600)
Unrestricted		8,022,662		5,780,346
Total Net Assets	\$	4,796,180	\$	3,741,746

The District's net assets were \$3,741,746 at June 30, 2007 and \$4,796,180 at June 30, 2008. Current assets (mainly investments) decreased from 2007 to 2008 while noncurrent assets (mainly depreciable capital assets) increased as a result of capital outlays from the 2006 Building and Site Capital Project Fund. Our analysis above focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

The results of this year's operations for the District, as a whole, are reported in the Statement of Activities (Table 2), which shows the changes in net assets for fiscal years 2008 and 2007.

Table 2

Year ended June 30,	Governmental Activities 30, 2008		
Revenues			
Program revenues:			
Charges for services	<b>\$ 1,126,268</b>	\$ 1,145,607	
Operating grants and contributions	3,936,502	3,338,246	
General revenues:			
Property taxes	5,375,343	5,217,492	
State sources	15,973,153	16,085,941	
Other	2,482,850	1,259,842	
<b>Total Revenues</b>	28,894,116	27,047,128	
Expenses			
Instruction	13,084,091	12,997,523	
Support services	7,531,102	6,991,064	
Food service	727,021	733,721	
Athletics	534,037	542,102	
Community services	546,223	508,982	
Center stage	17,968	18,818	
Interest on long-term debt	3,866,983	3,319,810	
Unallocated depreciation	1,557,768	1,853,501	
Total Expenses	27,865,193	26,965,521	
Increase in net assets	1,028,923	81,607	
Net Assets, beginning of year	3,741,746	3,660,139	
Restatement of prepaid expenses	25,511	-	
Net Assets, end of year	\$ 4,796,180	\$ 3,741,746	

As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$27,865,193. However, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$5,375,343 because some of the cost was paid by those who benefited from the programs (\$1,126,268) or by other governments and organizations who subsidized certain programs with grants and contributions (\$3,936,502). We paid for the remaining "public benefit" portion of our governmental activities with \$1,760,455 in taxes, \$15,973,153 in state aid, and with our other revenues,

such as interest and general entitlements. Investment earnings increased significantly in 2008 due to the large amount of cash that was invested as well as higher rates.

In the table below, we have presented the total cost for each of the District's largest services as well as each service's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District by each of these services. Providing this information allows our citizens to consider the cost of each service in comparison to the benefits they believe are provided by that service.

	Governmental Activities		
Year ended June 30, 2008	Total Cost of Services	Net (Cost) Benefit of Services	
Basic programs	\$ 10,938,595	\$ (10,766,912)	
Special education	1,444,378	(7,015)	
Other instruction	701,118	189	
Student services	641,231	(229,136)	
Instructional staff	471,353	(206,066)	
General administration	493,802	(493,802)	
School administration	1,558,020	(1,506,340)	
Business office/fiscal services	350,623	(298,943)	
Operations and maintenance	2,429,315	(2,325,955)	
Student transportation	1,018,547	(634,314)	
Other support services	568,211	(565,869)	
Community services	546,223	(19,616)	
Food service	727,021	47,975	
Athletics	534,037	(362,999)	
Center stage	17,968	(8,869)	
Interest on long-term debt	3,866,983	(3,866,983)	
Unallocated depreciation	1,557,768	(1,557,768)	
	\$ 27,865,193	\$ (22,802,423)	

#### **Analysis of Balances and Transactions of Individual Funds**

#### The District's Funds

As we noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the District is being accountable for the resources taxpayers and others provide but may also give you more insight into the District's overall financial position.

As of June 30, 2008, our governmental funds reported a combined fund balance of \$33,731,979.

The general fund is our principal operating fund, which is \$4,634,642 of the above amount. The District has reserved \$48,319 for inventory and prepaid expenditures, leaving an unrestricted fund balance of \$4,586,323.

## Analysis of Differences Between Original and Final Budgeted Amounts and Between Actual and Budgeted Amounts

#### **General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted just before year-end. (A schedule showing the District's original and final budget amounts for the General Fund compared with amounts actually paid and received is provided on page 31.)

#### Description of Changes in Capital Assets and Long-Term Debt During the Year

#### **Capital Assets and Debt Administration**

At June 30, 2008, the District had \$55,661,473 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$11,554,535, or 26.2%, from last year.

June 30,	2008	2007
Land	\$ 1,330,607	\$ 1,307,557
Land improvements	4,563,541	4,829,268
Buildings and improvements	34,131,510	35,002,712
Machinery and equipment	510,161	566,758
Furniture and fixtures	334,643	380,423
Motor vehicles	80,693	64,884
Buses	681,726	579,184
Construction in progress	14,028,552	1,376,112
	\$ 55,661,433	\$ 44,106,898

#### **Long-Term Obligations**

At the end of this year, the District had \$81,026,581 in general obligation bonds outstanding versus \$82,971,581 last year. During the year the District borrowed \$1,628,145 from the School Bond Loan Fund.

Other obligations include accrued vacation pay, retirement incentives, accrued leave and capital leases. We present more detailed information about our long-term liabilities in Note 10 to the Financial Statements.

## Description of Currently Known Facts, Decisions or Conditions That Have, or are Expected to Have, a Material Effect on Financial Position or Results of Operations

#### **Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration considered many factors when setting the District's 2008 fiscal year budget and tax rates. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2008 fiscal year is 25% and 75% of the February 2007

and September 2007 student counts, respectively. The 2008 budget was adopted in June 2007, based on an estimate of students that will be enrolled in September 2007. Approximately 75% of total revenues is from the Foundation Allowance. We anticipate that the fall student count will be slightly smaller for the 2008-2009 budget and will require a budget amendment after the count is final.

For the general fund we have projected a slight decrease in fund balance of \$106,969 for the 2009 fiscal year, leaving a fund balance of \$4,527,673. All employees' contracts are negotiated until 2011. Other uncertainties include our Foundation Allowance and health insurance for District employees.

#### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Director of Finance and Operations, Catherine L. Kloska, Coopersville Area Public Schools; Coopersville, Michigan.

# **District-Wide Financial Statements**

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## District-Wide Financial Statements Statement of Net Assets

June 30, 2008	Governmental Activities
Assets	
Current Assets	
Cash (Note 3)	\$ 4,595,873
Investments (Note 3)	30,883,077
Accounts receivable	14,614
Due from other governmental units	3,489,475
Inventories	41,172
Prepaid expenses	65,835
Total current assets	39,090,046
Noncurrent Assets	
Depreciable capital assets, net of accumulated depreciation (Note 6)	40,302,274
Land and construction in progress (Note 6)	15,359,159
Note receivable (Note 7)	20,000
Deferred bond issuance costs, net of accumulated amortization of \$72,909	624,826
Total noncurrent assets	56,306,259
Total Assets	95,396,305
Liabilities	
Current Liabilities	
Accounts payable	3,171,222
Accrued payroll liabilities	1,477,078
Interest payable	627,834
Deposits	21,014
Current portion of long-term obligations (Note 10)	2,962,909
Total current liabilities	8,260,057
Noncurrent Liabilities	
Noncurrent portion of long-term obligations (Note 10)	82,340,068
Total Liabilities	90,600,125
Net Assets	
Invested in capital assets, net of related debt	(3,226,482)
Unrestricted	8,022,662
Total Net Assets	\$ 4,796,180

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## District-Wide Financial Statements Statement of Activities

		<b>D</b>	D	Net (Expense) Revenue and Changes in
	•	Prog	ram Revenues Operating	Net Assets
		Charges for		
Year ended June 30, 2008	Expenses	Services	Contributions	Total
Functions/Programs				
<b>Governmental Activities</b>				
Instruction:				
Basic programs	\$ 10,938,595	\$ 73,281	\$ 98,402	\$ (10,766,912)
Special education	1,444,378	-	1,437,363	(7,015)
Other instruction	701,118	1,345	699,962	189
Total instruction	13,084,091	74,626	2,235,727	(10,773,738)
Support services:				
Student services	641,231	-	412,095	(229,136)
Instructional staff	471,353	-	265,287	(206,066)
General administration	493,802	-	-	(493,802)
School administration	1,558,020	-	51,680	(1,506,340)
Business office/fiscal services	350,623	-	51,680	(298,943)
Operations and maintenance	2,429,315	-	103,360	(2,325,955)
Student transportation	1,018,547	-	384,233	(634,314)
Other support services	568,211	-	2,342	(565,869)
Community services	546,223	490,635	35,972	(19,616)
Food service	727,021	405,637	369,359	47,975
Athletics	534,037	146,271	24,767	(362,999)
Center stage	17,968	9,099	-	(8,869)
Interest on long-term debt	3,866,983	-	-	(3,866,983)
Unallocated depreciation	1,557,768	-	-	(1,557,768)
<b>Total School District</b>	\$ 27,865,193	\$ 1,126,268	\$ 3,936,502	(22,802,423)
	General revenues	s:		
	Property taxes	levied for gene	ral purposes	1,760,455
	Property taxes	levied for debt	service	3,614,888
	Unrestricted st	tate aid		15,973,153
	Investment ear	2,421,166		
	Other	61,684		
	Total general rev	renues		23,831,346
	Change in net as	sets		1,028,923
	Net Assets, begin	nning of year, a	s restated (Note 12)	3,767,257
	Net Assets, end	of year		\$ 4,796,180

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# Fund Financial Statements

## **Governmental Funds Balance Sheet**

					2006 School			
			Common		Building and		Other	Total
	General		Debt		Site Capital	Go	overnmental	Governmental
June 30, 2008	Fund		Fund		Project Fund		Funds	Funds
• • • • • • • • • • • • • • • • • • • •	1 0110		1 0110		110,0001 0.110		1 01105	1 41145
Assets								
Cash (Note 3)	\$ 3,184,707	\$	95,293	\$	341,104	\$	286,016	\$ 3,907,120
Investments (Note 3)	-		-		30,883,077		-	30,883,077
Accounts receivable	200		2,699		-		11,715	14,614
Due from other governmental units	3,489,475		-		-		-	3,489,475
Due from other funds (Note 5)	62,906		-		-		-	62,906
Inventories	27,484		-		-		13,688	41,172
Prepaid expenditures	20,835		-		-		45,000	65,835
Total Assets	\$ 6,785,607	\$	97,992	Ф	31,224,181	\$	356,419	\$ 38,464,199
Total Assets	\$ 0,783,007	Ф	91,992	Ф	31,224,181	Ф	330,419	\$ 50,404,199
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 661,925	\$	-	\$	2,489,524	\$	19,773	\$ 3,171,222
Due to other funds (Note 5)	-		-		-		62,906	62,906
Accrued payroll liabilities	1,477,078		-		_		-	1,477,078
Deposits	11,962		-		-		9,052	21,014
Total liabilities	2,150,965		-		2,489,524		91,731	4,732,220
Fund Balances								
Reserved for:								
Inventories and								
prepaid expenditures	48,319		_		_		58,688	107,007
Unreserved reported in:	,						,	,
General fund	4,586,323		_		_		_	4,586,323
Capital project fund	-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		_		28,734,657		_	28,734,657
Special revenue funds	_		_		,		206,000	206,000
Debt retirement fund	_		97,992		-			97,992
			- · · ·					- ·
Total fund balances	4,634,642		97,992		28,734,657		264,688	33,731,979
<b>Total Liabilities and Fund Balances</b>	\$ 6,785,607	\$	97,992	\$	31,224,181	\$	356,419	\$ 38,464,199

#### Reconciliation of Fund Balances of Governmental Funds to Net Assets on the Statement of Net Assets

June 30, 2008		
Total fund balances - total governmental funds (from page 26)		\$ 33,731,979
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:  Capital assets, at cost  Accumulated depreciation  Net capital assets	\$ 74,611,412 (18,949,979)	55,661,433
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. These assets consist of:  Bond issuance costs  Note receivable  Total other long-term assets	624,826 20,000	644,826
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds. Balances are as follows:		
Long-term debt payable	(83,079,726)	
Deferred bond premium	(1,840,863)	
Deferred interest on refunding	906,825	
Compensated absences	(557,052)	
Accrued interest on bonds and notes	(671,242)	
Net long-term liabilities		(85,242,058)
Net Assets of Governmental Activities		\$ 4,796,180

# **Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances**

Year ended June 30, 2008	General Fund	Common Debt Fund	2006 School Building and Site Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Local sources:					
Property taxes	\$ 1,760,455	\$ 3,614,888	\$ -	\$ -	\$ 5,375,343
Other local	147,582	6,873	-	549,574	704,029
Tuition	565,261	-	_	-	565,261
Interest income	128,841	27,275	2,253,845	11,205	2,421,166
Other governmental units	1,416,621	-	-	-	1,416,621
State sources	17,149,407	-	-	45,574	17,194,981
Federal sources	879,379	-	-	323,785	1,203,164
Total revenues	22,047,546	3,649,036	2,253,845	930,138	28,880,565
Expenditures					
Instruction	13,041,820	_	_	_	13,041,820
Support services	7,333,639	-	_	_	7,333,639
Community services	544,775	-	_	-	544,775
Food service	-	-	-	725,948	725,948
Center stage	-	-	-	17,968	17,968
Athletics	-	-	-	533,627	533,627
Debt retirement:					
Redemption of principal	189,581	1,945,000	_	-	2,134,581
Interest and fiscal charges	21,716	3,809,787	-	-	3,831,503
Capital outlay	105,847	-	13,191,908	1,200	13,298,955
Total expenditures	21,237,378	5,754,787	13,191,908	1,278,743	41,462,816
Excess (deficiency) of revenues	010.1.50	(0.105.551)	(10.000.000)	(240,525)	(10.500.051)
over expenditures	810,168	(2,105,751)	(10,938,063)	(348,605)	(12,582,251)

# Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2008	General Fund	Common Debt Fund	2006 School Building and Site Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	\$ 14,522	\$ -	\$ -	\$ -	\$ 14,522
Insurance reimbursement	13,550	-	-	-	13,550
Issuance of long-term debt	-	1,628,145	_	-	1,628,145
Transfers from other funds (Note 5)	62,906	-	-	395,656	458,562
Transfers to other funds (Note 5)	(395,656)	-	-	(62,906)	(458,562)
Total other financing sources (uses)	(304,678)	1,628,145	-	332,750	1,656,217
Changes in fund balances	505,490	(477,606)	(10,938,063)	(15,855)	(10,926,034)
Fund Balances, beginning of year,	4 100 150	575 500	20 <72 720	200.542	44.650.012
as restated (Note 12)	4,129,152	575,598	39,672,720	280,543	44,658,013
Fund Balances, end of year	\$ 4,634,642	\$ 97,992	\$ 28,734,657	\$ 264,688	\$ 33,731,979

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2008		
Changes in fund balances - total governmental funds (from page 29)		\$(10,926,034)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  Capital outlay  Depreciation expense	\$ 13,147,059 (1,557,768)	11 590 201
Net effect of capital outlays  Bond and note proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and note principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		11,589,291
Debt issued Amortization of bond charges and premium Principal payments	(1,628,145) (710) 2,134,581	
Net effect of debt issuance and repayment	, - ,	505,726
Governmental funds report proceeds from the sale of capital assets as other financing sources while on the statement of activities the difference between the proceeds and the book value of the assets is reported as a gain or loss.		(44,755)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest Compensated absences Net effect of long-term liabilities	(34,770) (60,535)	(95,305)
ivet effect of long-term hadmines		(93,303)
Change in Net Assets of Governmental Activities	1	\$ 1,028,923

# General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

V 20 2000	Original	Final	Actual	Variance With Final Budget Positive
Year ended June 30, 2008	Budget	Budget	Actual	(Negative)
Revenues				
Local sources:	<b>* 1 =</b> 0 = 0.10	<b>* 4 = 0.2 2</b> 4 4	A 1 = 40 1 = 5	<b>.</b> (24.044)
Property taxes	\$ 1,786,342	\$ 1,782,266		\$ (21,811)
Other local	138,267	145,832	147,582	1,750
Tuition	689,347	683,477	565,261	(118,216)
Interest income	115,747	102,000	128,841	26,841
Other governmental units	983,490	1,380,268	1,416,621	36,353
State sources:	15.550.005	15012012	15.050.150	21.111
Unrestricted school aid	15,658,806	15,942,042	15,973,153	31,111
Restricted grants	1,361,635	1,230,121	1,176,254	(53,867)
Federal sources	871,633	887,127	879,379	(7,748)
Total revenues	21,605,267	22,153,133	22,047,546	(105,587)
Expenditures				
Instruction	13,107,156	13,195,040	13,041,820	153,220
Support services	7,385,275	7,509,870	7,333,639	176,231
Community services	552,048	593,215	544,775	48,440
Debt retirement:				
Redemption of principal	211,348	211,348	189,581	21,767
Interest expense	-	-	21,716	(21,716)
Capital outlay	-	33,070	105,847	(72,777)
Total expenditures	21,255,827	21,542,543	21,237,378	305,165
Excess of revenues over expenditures	349,440	610,590	810,168	199,578
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	_	10,500	14,522	4,022
Insurance reimbursement	_	10,500	13,550	13,550
Transfers from other funds	55,000	55,000	62,906	7,906
Transfers to other funds	(369,458)	(402,710)	(395,656)	7,054
Total other financing sources (uses)	(314,458)	(337,210)	(304,678)	32,532
Changes in fund balances	34,982	273,380	505,490	232,110
Fund Balances, beginning of year	4,129,152	4,129,152	4,129,152	
Fund Balances, end of year	\$ 4,164,134	\$ 4,402,532	\$ 4,634,642	\$ 232,110

# **Proprietary Fund Statement of Net Assets**

		Governmental		
		Activities		
		Internal		
June 30, 2008		Service Fund		
Assets - Current				
Cash (Note 3)	\$	688,753		
Liabilities and Net Assets  Liabilities				
Long-term liabilities - retirement liability	\$	688,753		
Net Assets		-		
<b>Total Liabilities and Net Assets</b>	\$	688,753		

# Proprietary Fund Statement of Revenue, Expense and Changes in Fund Net Assets

	Governmental Activities
	Internal
June 30, 2008	Service Fund
Operating Revenue	
Charges for services	\$ 307,169
Operating Expense	
Retirement expense	307,169
Change in net assets	-
Net Assets, beginning of year	-
Net Assets, end of year	\$ -

# **Proprietary Fund Statement of Cash Flows**

		Governmental Activities
Year ended June 30, 2008		Internal Service Fund
Teur enaeu June 30, 2000		Scrvice i una
Cash Flows for Operating Activities		
Payments to retirees	\$	(310,319)
Payment from general fund, net of present value adjustments		71,422
Decrease in Cash		(238,897)
Cash, beginning of year		927,650
Cash, end of year	\$	688,753
Reconciliation of Operating Income to Net Cash for Operating Activities		
Operating income	\$	_
Adjustments to reconcile operating income to net cash for operating activities:	Ψ	
Changes in liabilities:		
Due to other funds		(3,150)
Long-term liabilities - retirement liability		(235,747)
Net Cash for Operating Activities	\$	(238,897)

# Fiduciary Funds Statement of Fiduciary Net Assets

June 30, 2008	Trust Fund	Agency Fund
Assets		
Cash (Note 3)	\$ 7,984	\$ 240,879
Liabilities		
Due to student groups	-	240,879
Net Assets	\$ 7,984	\$ -

## **Fiduciary Funds Statement of Changes in Fiduciary Net Assets**

Year ended June 30, 2008	Trust Fund
Additions Interest	\$ 108
Deductions Student scholarships	220
Change in net assets	(112)
Net Assets, beginning of year	8,096
Net Assets, end of year	\$ 7,984

See accompanying notes to financial statements.

#### **Notes to Financial Statements**

#### 1. Summary of Significant Accounting Policies

The basic financial statements of Coopersville Area Public Schools (the District) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

#### Reporting Entity

The District is an independent entity with an elected Board of Education. The Board consists of seven members elected to four-year terms. The Board has responsibility and control over all matters affecting the District, including authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The basic financial statements of the District contain all funds and account groups for which the District is financially accountable. There are no other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

#### Basis of Presentation

District-wide financial statements: The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. The district-wide financial statements categorize activities as either governmental or business-type. All of the District's activities are classified as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Property taxes, state aid foundation and certain other items are reported as general revenues.

#### **Notes to Financial Statements**

Fund financial statements: The fund financial statements provide information about the District's funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

The financial transactions of the District are recorded in individual funds and account groups. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first.

#### Governmental Funds

Governmental Funds are used to account for the District's general activity. The focus is on determination of the financial position and changes in financial position rather than on income determination. The following is a description of the Governmental Funds of the District:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and is considered a major fund.

Special Revenue Funds are used to account for revenue sources that are restricted to expenditures for specified purposes. The District operates three special revenue funds: Food Service, Athletics and Center Stage. All special revenue funds are considered nonmajor funds.

Debt Retirement Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Common Debt Fund is considered a major fund.

Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities. The District has one Capital Project Fund, the 2006 School Building and Site Capital Project Fund, which is considered to be a major fund.

#### **Notes to Financial Statements**

#### Proprietary Funds

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The following is a description of the Proprietary Fund of the District:

*Internal Service Fund* recognizes, as operating revenue, internal transfers intended to recover the cost of providing specific benefits to retired employees. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### Fiduciary Funds

The *Agency Fund* is used to account for assets held by the District in a trustee capacity for individuals or school-related organizations. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The District operates one agency fund, which is the Student Activities Fund.

A *Private-Purpose Trust Fund* reports trust arrangements where the principal and interest benefit students. The District operates one such fund: the Student Loan Fund.

#### Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

District-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### **Notes to Financial Statements**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in the district-wide financial statements to the extent that those standards do not conflict with GASB guidance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough after to pay liabilities for the current period. The District considers revenues to be available if collected within 60 days after year end.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

#### State Foundation Revenue

The State of Michigan provides funds through a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation is funded from state and local sources. The School Aid Act and the School Code of Michigan primarily govern revenues from state sources. For the year ended June 30, 2008, the foundation allowance was based on the average of pupil membership counts taken in February and September 2007.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills.

#### State Categorical Revenue

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received that are not expended by the close of the fiscal year are recorded as deferred revenue.

#### **Notes to Financial Statements**

#### Federal Revenue

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

#### **Budgets and Budgetary Accounting**

The budgetary data reflected in the financial statements is established by the District using the procedures outlined below:

Prior to April, the Principals, Directors and Supervisors review operating budgets by program or building for the fiscal year commencing the following July 1, and submit them to the Superintendent, the Director of Finance, the Board Treasurer and two Board Trustees.

This Committee works with the information and develops a budget and resolution for the General Fund and Special Revenue Funds. This includes proposed expenditures and the means of financing them and is compiled by the Committee on a basis consistent with generally accepted accounting principles.

In June, the budget resolution is subjected to a public hearing before the full Board of Education and is adopted within seven days after this hearing and before July 1, the first day of the budgeted fiscal year. Unexpended appropriations lapse at the end of the fiscal year.

The Superintendent can reduce budgeted expenditures for any program; however, any revisions that increase expenditures for a program must be approved by the Board of Education. Budget amendments were not material in relation to the original budget.

The budget is integrated with the accounting system of the District and is used as a management control device during the year.

#### Investments

Investments are recorded at fair value based on quoted market prices.

#### **Notes to Financial Statements**

#### **Inventories**

Inventories are stated at cost (first-in, first-out) except for donated USDA commodities, which are recorded at fair value. Inventories consist primarily of food and cafeteria supplies, teaching supplies, office supplies, gas, oil, maintenance and bus repair parts. Inventories are reported as assets until consumed, at which time an expenditure is recorded.

#### Capital Assets

Capital assets, which include property, buildings and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their market value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings and improvements	50
Furniture and equipment	5-15
Motor vehicles and buses	10

#### Compensated Absences

District employees are granted vacation and accrued leave in varying amounts based on length of service. Unused vacation time accumulates from year to year to a maximum of twice the annual allotment.

Accrued leave is accumulated at different rates for various categories of employees. Unused accrued leave accumulates from year to year to a maximum of 100 days for all full time employees, other than teachers and administrators. There is no accrued leave

#### **Notes to Financial Statements**

limit for teachers and administrators. Unused accrued leave is paid to employees at a nominal rate for each unused day only at the time of retirement. In the fund financial statements only the matured liability for compensated absences is reported. The total liability is reported in the district-wide financial statements.

#### **Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

#### Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

#### **Property Taxes**

Properties are assessed as of December 31, and the related property taxes are levied and become a lien on July 1. These taxes are due on September 14, with the final collection date of February 28, before they are added to the county delinquent tax rolls.

#### **Interfund Activity**

During the course of its operations, the District has numerous transactions between funds. The General Fund regularly transfers funds to Athletics to fund operating shortfalls. To the extent that certain transactions had not been paid or received at year end, balances of interfund receivables or payables have been recorded. Balances are normally liquidated in the subsequent fiscal year.

#### **Notes to Financial Statements**

#### Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### 2. Stewardship, Compliance and Accountability

Compliance With the Single Audit Act Amendments of 1996 - procedures to test compliance relating to federal assistance programs as required by the Single Audit Act are detailed at the end of this report.

#### 3. Cash and Investments

#### **Deposits**

Statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also members of a federal or national insurance corporation.

Certificates of deposits consist of the following:

June 30, 2008	Maturity Date	Interest Rate	_	Amount
Student Activities				
Comerica Bank - Certificate of Deposit	09/29/10	4.31%	\$	5,000
Comerica Bank - Certificate of Deposit	10/22/10	4.02%		2,930
			\$	7,930

#### Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District minimizes custodial credit risk by pre-qualifying financial institutions. At June 30, 2008, \$5,078,508 of the District's bank balances (without recognition of deposits in transit and outstanding checks) of \$5,286,438 was uninsured and uncollateralized.

#### **Notes to Financial Statements**

#### Investments

At June 30, 2008, the District had the following investments:

		Matu	ırities	
Investment Type	Fair Value	Less Than 1 Year	After 10 Years	Standard & Poor's Ratings
U.S. government agencies Money market fund	\$13,771,366 17,111,711	\$ 1,000,310 17,111,711	\$ 12,771,056	AAA AAA
	\$30,883,077	\$18,112,021	\$ 12,771,056	_

#### Interest Rate Risk

The District does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District minimizes custodial credit risk by pre-qualifying financial institutions. The District had no investments that were subject to custodial credit risk at June 30, 2008.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

State statutes authorize the District to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptance and certificates of deposit issued or created by a state or national bank insured with the applicable federal agency, and investment pools authorized by the Surplus Funds Investment Pool Act. The District follows state statutes and has no investment policy that would further limit its investment choices.

#### **Notes to Financial Statements**

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Although the District places no limit on the amount that may be invested in any one issuer, the District minimizes concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimal. Excluding U.S. government guaranteed and mutual funds, the District had two investments which exceed 5% of total investments at June 30, 2008 as follows:

Investment	Fair Value
Federal Home Loan Mortgage Corporation	\$ 7,289,560
Federal Home Loan Mortgage Corporation	4,048,752

#### 4. Voted Millage and Expiration Dates

A substantial portion of revenues is attributable to local property taxes. The millage rates levied and expiration dates for the prior and current fiscal years consist of the following:

		Debt	Taxable	Non-	
	Taxable	Retirement	Value	Homestead	
	Value All	Millage	Non-	Millage	Year of
Year ended June 30,	Properties	Rate	Homestead	Rate	Expiration
2007	\$ 405,756,119	8.69	\$99,589,153	18.00	2008
2008	409,100,589	8.69	78,235,143	18.00	2009

The remainder of this page intentionally left blank.

#### **Notes to Financial Statements**

#### 5. Interfund Receivables, Payables and Transfers

Interfund receivables and payables at June 30, 2008 are as follows:

Fund	Interfund Receivable	I	nterfund Payable
General Fund Food Service Fund	\$ 62,906	\$	62,906
	\$ 62,906	\$	62,906

Interfund transfers during the current fiscal year were as follows:

Fund	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 62,906	\$ 395,656
Athletic Fund	379,156	-
Center Stage Fund	16,500	_
Food Service Fund	· -	62,906
	\$ 458,562	\$ 458,562

The remainder of this page intentionally left blank.

## **Notes to Financial Statements**

#### 6. Capital Assets

The following summarizes capital asset activity for the year ended June 30, 2008.

	Balance, July 1, 2007	Additions	Deletions	Balance, June 30, 2008
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 1,307,557	\$ 23,050	\$ -	\$ 1,330,607
Construction in progress	1,376,112	12,652,440	Ф -	14,028,552
Capital assets being depreciated:	1,570,112	12,032,440	<del>-</del>	14,026,332
Land improvements	6,655,492	56,235		6,711,727
Buildings	46,143,821	28,138	(358,792)	45,813,167
Machinery and equipment	4,109,650	89,392	(336,192)	4,199,042
Furniture and fixtures	859,019	28,175	_	887,194
Motor vehicles	325,487	41,959	(87,280)	280,166
Buses	1,282,421	227,670	(149,134)	1,360,957
Duscs	1,202,721	227,070	(147,134)	1,300,737
Totals at historical cost	62,059,559	13,147,059	(595,206)	74,611,412
Less accumulated depreciation for:				
Land improvements	1,826,224	321,962		2,148,186
Buildings	1,020,224	899,340	(358,792)	11,681,657
Machinery and equipment	3,542,892	145,989	(336,192)	3,688,881
Furniture and fixtures	478,596	73,955	<del>-</del>	552,551
Motor vehicles	260,603	18,410	(79,540)	199,473
Buses	703,237	98,112	(122,118)	679,231
Buses	103,231	90,112	(122,110)	079,231
Total accumulated depreciation	17,952,661	1,557,768	(560,450)	18,949,979
Not Comital Assots				
Net Capital Assets Land	1,307,557	23,050		1,330,607
Construction in progress	1,376,112	12,652,440	<del>-</del>	14,028,552
Land improvements	4,829,268	(265,727)	<del>-</del>	4,563,541
Buildings	35,002,712	(871,202)	<del>-</del>	34,131,510
Machinery and equipment	566,758	(56,597)	-	510,161
Furniture and fixtures	380,423	(45,780)	-	334,643
Motor vehicles	64,884	23,549	(7,740)	80,693
Buses	579,184	129,558	(27,016)	681,726
Duscs	319,104	129,550	(27,010)	001,720
<b>Total Net Capital Assets</b>	\$ 44,106,898	\$ 11,589,291	\$ (34,756)	\$ 55,661,433

#### **Notes to Financial Statements**

#### 7. Note Receivable

The District has a note receivable from a Corporation payable annually in the amount of \$10,000. The balance at June 30, 2008 is \$20,000 and will be paid in full as of January 1, 2010. The balance of the note is reflected in the district-wide financial statements.

#### 8. Employee Retirement System - Defined Benefit Plan

#### Plan Description

The District contributed to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the nine-member board of the MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Public Act 136 of 1945 and currently operates under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by contacting the Michigan Public School Employees' Retirement System, P.O. Box 30171, Lansing, Michigan 48909.

#### Funding Policy

Basic Plan members make no contributions. Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 and December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3.0% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2008 were 17.74% from July 1, 2007 through September 30, 2007 and 16.72% from October 1, 2007 through June 30, 2008. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees.

#### **Notes to Financial Statements**

The District contributions to MPSERS for the current and two preceding years were as follows:

	Employer
Year ended June 30,	Contribution
2008	\$2,025,015
2007	1,969,859
2006	1,727,667

#### 9. Risk Management

The District purchases insurance coverage from commercial carriers. Various deductibles ranging from \$250 to \$10,000 are maintained to place the responsibility for certain charges with the insured. For the years ended June 30, 2008 and 2007, the District paid premiums of \$129,782 and \$130,691, respectively.

The District is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations. Although the ultimate outcome of these legal proceedings and investigations is unknown, the District is vigorously defending its position in the case.

#### 10. Long-Term Obligations

The following is a summary of changes in long-term obligations for the District for the year ended June 30, 2008:

	Balance,			Balance,	Due Within
	July 1,2007	Additions	Deductions	June 30,2008	One Year
					_
Bonds payable	\$ 82,971,581	\$ -	\$1,945,000	\$ 81,026,581	\$ 2,465,229
Less deferred interest from issuance	(953,602)	=	(46,777)	(906,825)	(46,777)
Deferred issuance premium	1,916,330	-	75,467	1,840,863	75,467
School Bond Loan Fund	-	1,628,145	-	1,628,145	-
Accrued interest on Loan	-	43,408	-	43,408	-
Installment purchase contracts	614,581	=	189,581	425,000	170,000
Retirement incentive	924,500	71,422	307,169	688,753	238,990
Accrued vacation	448,751	69,088	25,407	492,432	50,000
Accrued leave	47,766	92,813	75,959	64,620	10,000

\$85,969,907 \$1,904,876 \$2,571,806 \$85,302,977 \$2,962,909

#### **Notes to Financial Statements**

Bonds payable at June 30, 2008 are comprised of the following individual issues:

		June 30,		
	Interest Rate	2008	2007	
Durant Resolution Bonds	4.76%	\$ 161,581	\$ 161,581	
1999 School Building and Site Bonds - Bonds maturing after May 1, 2010, are subject to redemption prior to maturity, at the option of the District, at par plus accrued interest and applicable premiums.	5.50	1,100,000	2,175,000	
2004 School Building and Site Bonds - Bonds maturing after May 1, 2015, are subject to redemption prior to maturity, at the option of the District, at par plus accrued interest and applicable premiums.	3.00-4.55	3,275,000	3,400,000	
2005 Refunding Bonds - Bonds maturing after May 1, 2016, are subject to redemption prior to maturity, at the option of the District, at par plus accrued interest and applicable premiums.	3.00-4.20	6,640,000	6,670,000	
2006 Refunding Bonds - Bonds maturing after May 1, 2017, are subject to redemption prior to maturity, at the option of the District, at par plus accrued interest and applicable premiums.	3.75-5.00	29,675,000	29,885,000	
2006 School Building and Site Bonds - Bonds maturing after May 1, 2017, are subject to redemption prior to maturity, at the option of the District, at par plus accrued interest and applicable premiums.	4.00-5.00	40,175,000	40,680,000	
		\$ 81,026,581	\$ 82,971,581	

On November 24, 1998, the State of Michigan, through the Michigan Municipal Bond Authority, issued School Loan Revenue Bonds, Series 1998, on behalf of the District. The Durant Bonds are a legal obligation of the District and are recorded in the District's statement of net assets as a noncurrent liability. The revenue associated with the annual debt service payment is derived from an annual State of Michigan appropriation. Should the legislature fail to appropriate the funds, the District is under no obligation for payment.

#### **Notes to Financial Statements**

#### School Bond Loan Fund

The State of Michigan School Bond Loan Fund is obligated to lend the District amounts to help meet the principal and interest obligations of the 2006 School Building and Site Bonds that are not realized in tax levies. When the tax revenues collected exceed these obligations, the District must use these funds to pay back the accumulated borrowings and interest. During the year the District borrowed \$1,628,145 and has recorded accrued interest of \$43,408 at June 30, 2008. The State Administrative Board will determine the applicable interest rates annually. For fiscal year 2007-2008, interest was charged at a rate between 4.385% and 4.781%. Tax revenue is projected to exceed principal and interest obligations by June 30, 2036.

#### Defeased Debt

In prior years, the District defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account asset and the liability for the defeased bonds are not included in the financial statements. At June 30, 2008, \$30,250,000 of bonds outstanding are considered defeased. These bonds will be called for payment May 1, 2009 by the trustee.

#### Voluntary and Early Retirement Incentives

The District offers some employees a voluntary retirement program and an early retirement program as part of their contractual agreement. Several employees have elected early retirement until they are eligible for benefits under the Federal Social Security System. Currently, nineteen employees participate in the voluntary retirement program and four employees participate in the early retirement programs. The program payment requirements vary each year. At June 30, 2008, the District's liability for the voluntary and early retirement plans was \$675,746 and \$45,000, respectively. The total present value of the future payments for both programs, using a discount rate of 1.88% is \$688,753.

Retirement contracts are typically liquidated by the Internal Service Fund and compensated absences are typically liquidated by the General Fund.

#### **Notes to Financial Statements**

#### **Bonds**

The annual requirements to pay principal and interest on bonds outstanding are as follows:

Year ending June 30,	Principal	Interest	Total
2009	\$ 2,465,229	\$ 3,726,336	\$ 6,191,565
2010	2,950,954	3,613,550	6,564,504
2011	3,451,714	3,496,489	6,948,203
2012	3,727,509	3,336,387	7,063,896
2013	4,046,175	3,194,894	7,241,069
2014-2018	15,915,000	13,314,860	29,229,860
2019-2023	16,125,000	9,842,566	25,967,566
2024-2028	17,090,000	6,016,829	23,106,829
2029-2033	10,205,000	2,396,200	12,601,200
2034-2036	5,050,000	455,626	5,505,626
			_
	\$ 81,026,581	\$ 49,393,737	\$ 130,420,318

#### Installment Purchase Contract (Administration Building)

Year ending June 30,	Principal	Interest	Total
2009 2010 2011	\$ 170,000 170,000 85,000	\$ 15,071 8,372 1,675	\$ 185,071 178,372 86,675
	\$ 425,000	\$ 25,118	\$ 450,118

#### **Notes to Financial Statements**

The following is the detail for each bond issue.

#### **Durant Resolution Bonds**

			Total
		Serial	Bonds
	Interest	Bonds	and
	Payable	Payable	Interest
Year ending June 30,	May 15,	May 15,	Payable
2009	\$ 3,988	\$ 15,229	\$ 19,217
2010	3,262	15,954	19,216
2011	2,503	16,714	19,217
2012	1,707	17,509	19,216
2013	32,938	96,175	129,113
	\$44,398	\$ 161,581	\$205,979

#### 1999 School Building and Site Bonds (General Obligation-Unlimited Tax)

						Total
					Serial	Bonds
		Interest	Interest	Total	Bonds	and
		Payable	Payable	Interest	Payable	Interest
Year ending June 30,	Nov	ember 1,	 May 1,	 Payable	May 1,	Payable
2009	\$	30,250	\$ 30,250	\$ 60,500	\$ 1,100,000	\$ 1,160,500

#### 2004 School Building and Site Bonds (General Obligation-Unlimited Tax)

Year ending June 30,	Nov	Interest Payable vember 1,	Interest Payable May 1,	Total Interest Payable	Serial Bonds Payable May 1,		Total Bonds and Interest Payable
2009 2010 2011 2012 2013 Thereafter	\$	66,738 64,300 61,237 57,488 53,737 314,418	\$ 66,738 64,300 61,237 57,488 53,737 314,418	\$ 133,476 128,600 122,474 114,976 107,474 628,836	\$ 150,000 175,000 200,000 200,000 200,000 2,350,000	\$	283,476 303,600 322,474 314,976 307,474 2,978,836
	\$	617 918	\$ 617 918	\$ 1 235 836	\$ 3 275 000	\$ 4	1 510 836

#### **Notes to Financial Statements**

#### 2005 Refunding Bonds (General Obligation-Unlimited Tax)

Year ending June 30,	Interest Payable November 1,	Interest Payable May 1,	Total Interest Payable	Serial Bonds Payable May 1,	Total Bonds and Interest Payable
					_
2009	\$ 134,868 \$	134,868 \$	269,736	\$ 30,000 \$	299,736
2010	134,400	134,400	268,800	30,000	298,800
2011	133,912	133,912	267,824	35,000	302,824
2012	133,321	133,321	266,642	35,000	301,642
2013	132,709	132,709	265,418	35,000	300,418
Thereafter	743,269	743,269	1,486,538	6,475,000	7,961,538
	\$ 1,412,479 \$	5 1,412,479 \$	2,824,958	\$ 6,640,000 \$	9,464,958

#### 2006 Refunding Bonds (General Obligation-Unlimited Tax)

Year ending June 30,	Interest Payable November 1,		Total Interest Payable	Serial Bonds Payable May 1,	Total Bonds and Interest Payable
2009	\$ 693,490	\$ 693,490	\$ 1,386,980	\$ 420,000	\$ 1,806,980
2010	685,616	685,616	1,371,232	1,730,000	3,101,232
2011	651,016	651,016	1,302,032	1,950,000	3,252,032
2012	602,266	602,266	1,204,532	2,175,000	3,379,532
2013	547,891	547,891	1,095,782	2,415,000	3,510,782
Thereafter	4,708,556	4,708,556	9,417,112	20,985,000	30,402,112
	\$ 7,888,835	\$ 7,888,835	\$ 15,777,670	\$29,675,000	\$45,452,670

#### **Notes to Financial Statements**

#### 2006 School Building and Site Bonds (General Obligation-Unlimited Tax)

Year ending June 30,	N	Interest Payable ovember 1,	Interest Payable May 1,	Total Interest Payable	Serial Bonds Payable May 1,	Total Bonds and Interest Payable
2009	\$	935,828	\$ 935,828	\$ 1,871,656	\$ 750,000	\$ 2,621,656
2010		920,828	920,828	1,841,656	1,000,000	2,841,656
2011		900,828	900,828	1,801,656	1,250,000	3,051,656
2012		874,266	874,266	1,748,532	1,300,000	3,048,532
2013		846,641	846,641	1,693,282	1,300,000	2,993,282
Thereafter		10,246,796	10,246,796	20,493,592	34,575,000	55,068,592
	\$	14,725,187	\$ 14,725,187	\$ 29,450,374	\$ 40,175,000	\$69,625,374

The District's installment contracts are summarized as follows:

	Interest				
<i>June 30</i> ,	Rate	2008	2007		
2002 Thomas buses (2) Administration building	4.58% 3.94	\$	425,000	\$	19,581 595,000
		\$	425,000	\$	614,581

#### 11. Bond Compliance

The 2006 School Building and Site Capital Project Fund includes activities funded by bonds that were issued after October 17, 2006. For this capital project, the District has complied with the applicable provisions of Section 1351a of the Revised School Code. Beginning with the year of the bond issuance, the District has reported the annual construction activity in the Fund. Cumulative revenues and expenditures for the construction period ending June 30, 2008 were \$ 3,129,518 and \$16,122,741, respectively.

#### **Notes to Financial Statements**

#### 12. Restatement of Fund Balance and Net Assets

In 2008, the District discovered that an advance payment to a vendor in the Food Service Fund had been recorded as an expenditure in a prior year when it should have been recorded as a prepaid expense. As a result, beginning fund balance in the Food Service Fund has been increased by \$25,511 as follows:

July 1,		2007
Food Service Fund balance, as originally reported Adjustment for prepaid expenditures	\$	151,593 25,511
Food Service Fund balance, as restated Other nonmajor governmental funds		177,104 103,439
Fund Balance, Total Other Governmental Funds, as restated	\$	280,543
In addition, beginning net assets on the district-wide financial statem restated as follows:	ents	has been
July 1,		2007
Net assets, as originally reported Adjustment for prepaid expenses	\$3	3,741,746 25,511
Net Assets, as restated	\$3	3,767,257

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## **General Fund**

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## **Schedule of Sources of Financial Resources**

Year ended June 30,	2008	2007
Revenues		
Local Sources		
Property taxes	\$ 1,760,455	\$ 1,736,110
Other local sources	111,382	113,838
Pay to play	36,200	39,374
Tuition	565,261	547,180
Interest income	128,841	184,647
Total revenues from local sources	2,602,139	2,621,149
Parameter France Other Communicated Unite		
Payments From Other Governmental Units County special education tax	1 2/2 12/	1.050.040
Medicaid unrestricted	1,343,134 32,284	1,059,040 49,913
Other	41,203	11,586
Other	41,203	11,500
Total revenues from payments from other governmental units	1,416,621	1,120,539
State Sources		
State-aid unrestricted:		
State school aid - foundation allowance	15,952,320	16,067,426
Renaissance	20,833	18,515
renaissance	20,033	10,313
Total state-aid unrestricted	15,973,153	16,085,941
State-aid restricted:	740 (13	562.060
Special education	748,612	562,060
At risk	336,883	274,450
Adult education Preschool	2,194	39,934 59,400
	61,200	
Other grants	27,365	57,527
Total state-aid restricted	1,176,254	993,371
Total revenues from state sources	17,149,407	17,079,312
Tomi Te - enwes Tom same sources	27,212,107	17,077,512

## **General Fund Schedule of Sources of Financial Resources**

Year ended June 30,	2008	2007
Federal Sources		
Grants-in-aid restricted:		
ESEA	\$ 395,230	\$ 371,633
IDEA/PPI special education	470,863	441,772
Medicaid outreach	4,316	4,899
Other grants	8,970	8,495
Total revenues from federal sources	879,379	826,799
Total revenues	22,047,546	21,647,799
Other Financing Sources		
Transfer from other funds	62,906	63,711
Insurance reimbursement	13,550	-
Proceeds from sale of capital assets	14,522	21,136
Total other financing sources	90,978	84,847
<b>Total Revenues and Other Financing Sources</b>	\$ 22,138,524	\$ 21,732,646

## General Fund Schedule of Uses of Financial Resources

Year ended June 30,	2008	2007
Expenditures		
Instruction		
Basic programs:		
Pre-school (Pre-K)	\$ 133,190	\$ 142,707
Elementary (K-5)	4,398,851	4,265,203
Junior high (6-8)	2,422,548	2,799,783
Secondary (9-12)	3,942,938	3,789,808
Total basic programs	10,897,527	10,997,501
Added needs:		
Special education	1,443,175	1,398,158
Compensatory education	701,118	544,222
Total added needs	2,144,293	1,942,380
Total instruction	13,041,820	12,939,881
Support Services		
Student services:		
Guidance services	98,089	167,870
Certified occupational therapist assistant	7,049	7,050
Psychologist	73,940	72,134
Speech pathology and audiology	257,504	249,188
Social work services	204,157	205,173
Total student services	640,739	701,415
Instructional staff:		
Improvement of instruction	90,067	34,945
Title II Part D	1,986	, -
Media	86,080	30,061
Supervisor and director of instructional staff	220,589	221,706
Auditorium	72,141	51,117
Total instructional staff	470,863	337,829
General administration:		
Board of Education	44,452	92,346
Executive administration	432,902	552,129
Total general administration	477,354	644,475

## **General Fund Schedule of Uses of Financial Resources**

Year ended June 30,	2008	2007
School administration:		
Office of the principal	\$ 1,564,733	\$ 1,256,666
0.1		
Other support services: Fiscal services	271 101	257 200
	271,181	256,208
Other fiscal services	46,927	101,819
Operations and maintenance	2,276,319	2,176,031
Student transportation	1,016,786	946,166
Communications	55,751	55,148
Other services	15,085	8,652
Technology	461,506	358,138
Pupil accounting	36,395	
Total other support services	4,179,950	3,902,162
Total support services	7,333,639	6,842,547
Town support services	1,000,000	0,012,017
Community Services		
Drivers education	24,064	31,279
Other services	520,711	475,401
Total community services	544,775	506,680
Debt Retirement		
Redemption of principal	189,581	188,721
Interest expense	21,716	100,721
interest expense	21,710	
Total debt retirement	211,297	188,721
Capital Outlay	105,847	121,000
	,-	,
Total expenditures	21,237,378	20,598,829
Other Financing Uses		
Transfers to other funds	395,656	372,702
Total Expanditures and Other Financing Uses	,	\$ 20,971,531
Total Expenditures and Other Financing Uses	\$ 21,633,034	φ 20,971,3 <b>3</b> 1

# Nonmajor Governmental Funds

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## Nonmajor Governmental Funds Combining Balance Sheet

June 30, 2008		Special Revenue						
		Food Service Center Stage			Athletics			Total
Assets								
Cash	\$	191,283	\$	20,016	\$	74,717	\$	286,016
Accounts receivable	Ψ	9,515	Ψ	2,200	Ψ		Ψ	11,715
Inventories		13,688		2,200		_		13,688
Prepaid expenditures		45,000		-		-		45,000
Total Assets	\$	259,486	\$	22,216	\$	74,717	\$	356,419
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$	19,773	\$	-	\$	-	\$	19,773
Due to other funds		62,906		-		-		62,906
Deposits		6,382		-		2,670		9,052
Total liabilities		89,061		-		2,670		91,731
Fund Balances								
Reserved for inventories and prepaid expenditures		58,688		_		_		58,688
Unreserved		111,737		22,216		72,047		206,000
Total fund balances		170,425		22,216		72,047		264,688
<b>Total Liabilities and Fund Balances</b>	\$	259,486	\$	22,216	\$	74,717	\$	356,419

### Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

		Special Revenue						
Year ended June 30, 2008	Fo	ood Service	C	enter Stage		Athletics		Total
Revenues								
Local sources:								
Food sales	\$	405,637	\$	-	\$	-	\$	405,637
Admissions and ticket sales		-		419		110,071		110,490
Rentals		-		8,679		-		8,679
Other		-		1		24,767		24,768
Interest income		7,179		583		3,443		11,205
State sources		45,574		-		-		45,574
Federal sources		323,785		-		-		323,785
Total revenues		782,175		9,682		138,281		930,138
Expenditures								
Salaries		204,872		_		314,008		518,880
Employee benefits		53,839		_		71,224		125,063
Contracted services		155,487		8,754		78,860		243,101
Supplies and food		310,286		9,015		44,053		363,354
Other		1,464		199		25,482		27,145
Capital outlay		-		-		1,200		1,200
Total expenditures		725,948		17,968		534,827		1,278,743
Excess (deficiency) of revenues								
over expenditures		56,227		(8,286)		(396,546)		(348,605)
Other Financing Sources (Uses)								
Transfers to other funds		(62,906)		-		-		(62,906)
Transfers from other funds		-		16,500		379,156		395,656
Total other financing sources (uses)		(62,906)		16,500		379,156		332,750
Changes in fund balances		(6,679)		8,214		(17,390)		(15,855)
Fund Balances, beginning of year, as restated		177,104		14,002		89,437		280,543
Fund Balances, end of year	\$	170,425	\$	22,216	\$	72,047	\$	264,688

## **Agency Funds**

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## Agency Funds Statement of Changes in Agency Fund Assets and Liabilities

	J	Balance, fuly 1, 2007	Additions	Deductions	Balance, June 30, 2008		
Assets Cash	\$	235,045	\$ 553,424	\$ 547,590	\$	240,879	
Liabilities  Due to student groups	\$	235,045	\$ 553,424	\$ 547,590	\$	240,879	

			20	800		
	·				Community	
	K-2 Student	3-5 Student	6-8 Student	9-12 Student	Services	
	Activities	Activities	Activities	Activities	Activities	
June 30,	Fund	Fund	Fund	Fund	Fund	Total
Assets						
Cash	\$ 59,944	\$ 37,620	\$ 40,641	\$ 95,833	\$ 6,841	\$ 240,879
Liabilities						
Due to student groups	\$ 59,944	\$ 37,620	\$ 40,641	\$ 95,833	\$ 6,841	\$ 240,879

# Agency Funds Comparative Combining Balance Sheet

					2	007				
								Co	ommunity	
K-2	2 Student	3-5	Student	6-8	3 Student	9-1	2 Student		Services	
1	Activities	A	Activities	A	Activities		Activities		Activities	
	Fund		Fund		Fund		Fund		Fund	Total
\$	59,807	\$	38,059	\$	37,769	\$	93,188	\$	6,222	\$ 235,045
\$	59,807	\$	38,059	\$	37,769	\$	93,188	\$	6,222	\$ 235,045

# **Analysis of Changes in Amounts Due to Depositors K-2 Student Activities Fund**

	Balance	,		Balance,			Balance,
	June 30, 200	3 Increases	Decreases	June 30, 2007	Increases	Decreases	July 1, 2006
1st grade	\$ 710	\$ -	\$ 50	\$ 760	\$ -	\$ -	\$ 760
1st grade field trips	160	3,523	3,907	544	3,545	3,359	358
2nd grade field trips	579	3,746	3,851	684	1,864	1,291	111
Box Tops For Education	901	580	875	1,196	1,538	1,433	1,091
Interest	7,604	2,033	1,167	6,738	2,494	554	4,798
Kindergarten field trips	31	3,088	3,215	158	1,960	1,861	59
Library fund	1,182	82	316	1,416	387	93	1,122
Migrant	159	75	-	84	70	132	146
Pacer	3,339	-	32	3,371	82	164	3,453
Pepsi	6,130	795	-	5,335	455	59	4,939
Playground	10,013	-	1,235	11,248	-	148	11,396
Pre 1st activities	24	177	177	24	278	220	(34)
Project Keep	521	-	-	521	-	8	529
QSP	17,903	4,750	1,245	14,398	5,181	2,009	11,226
Sound amplification	138	-	-	138	-	-	138
Special education	848	3,578	4,686	1,956	2,920	1,960	996
Special projects	2,277	9	1,103	3,371	-	1,787	5,158
Valentine Flower Fund	536	1,168	1,000	368	1,164	1,142	346
ECDD	125	125	_	-	_	_	-
Miscellaneous	6,764	1,195	1,928	7,497	1,529	869	6,837
	\$ 59,944	\$ 24,924	\$ 24,787	\$ 59,807	\$ 23,467	\$ 17,089	\$ 53,429

#### Analysis of Changes in Amounts Due to Depositors 3-5 Student Activities Fund

	Balance		Daggagaga	Balance,	Lucuscos	Daggagaga	Balance,
	June 30, 2008	Increases	Decreases	June 30, 2007	Increases	Decreases	July 1, 2006
3rd grade field trip	\$ -	\$ 2,852 \$	2,853	\$ 1	\$ 1,876 \$	1,875	\$ -
4th grade field trip	445	3,386	4,095	1,154	5,340	4,240	54
5th grade field trip	-	7,388	7,589	201	5,384	5,660	477
Accelerated reader	71	-	-	71	-	-	71
Fundraiser	3,316	-	-	3,316	-	-	3,316
Interest	5,150	1,335	-	3,815	1,664	-	2,151
Library fundraiser	3,866	82	179	3,963	1,591	39	2,411
Pepsi	8,521	539	2,019	10,001	804	-	9,197
Popcorn sales	6,232	1,434	633	5,431	1,857	1,487	5,061
Running Club	557	1,400	1,363	520	1,200	1,278	598
School store	1,812	422	307	1,697	825	793	1,665
Science Fair	995	618	375	752	742	33	43
Skating	4,649	-	-	4,649	150	-	4,499
Student Council	705	2,549	2,303	459	573	668	554
Young Authors	32	-	-	32	-	-	32
Miscellaneous	1,269	3,352	4,080	1,997	7,371	6,468	1,094
	\$ 37,620	\$ 25,357 \$	25,796	\$ 38,059	\$ 29,377 \$	22,541	\$ 31,223

# **Analysis of Changes in Amounts Due to Depositors 6-8 Student Activities Fund**

	Balance,			Balance,			Balance,
	June 30, 2008	Increases	Decreases	June 30, 2007	Increases	Decreases	July 1, 2006
6th grade	\$ 2,750	\$ 11,620	\$ 11,771	\$ 2,901	\$ 13,883	\$ 13,741	\$ 2,759
7th grade	3,407	314	40	3,133	347	-	2,786
8th grade	2,142	275	-	1,867	347	-	1,520
Art From the Heart	3,616	2,710	2,523	3,429	1,965	2,214	3,678
Art materials	273	1,775	1,560	58	-	25	83
Book fines	3,457	1,295	5	2,167	559	989	2,597
Future Farmers of America	361	302	-	59	-	-	59
GM Box Tops	862	-	-	862	-	-	862
Professional development	1,855	-	-	1,855	2,484	2,577	1,948
Science Olympiad	169	-	-	169	-	418	587
Ski Club	461	3,144	2,990	307	3,140	2,952	119
Student activity	16,521	31,538	31,993	16,976	24,174	24,890	17,692
Student Congress	1,467	6,485	6,547	1,529	3,753	4,022	1,798
Teacher Flower Fund	1,058	1,003	820	875	1,247	1,525	1,153
Team excellence	114	421	1,219	912	1,195	3,080	2,797
Technology Fund	255	2,268	2,315	302	1,546	1,313	69
Miscellaneous	1,873	3,580	2,075	368	7,819	12,588	5,137
	\$ 40,641	\$ 66,730	\$ 63,858	\$ 37,769	\$ 62,459	\$ 70,334	\$ 45,644

#### Analysis of Changes in Amounts Due to Depositors 9-12 Student Activities Fund

	Bal	ance,				Balance,				Balance,
	June 30,	2008	Increases	Decreases	J	une 30, 2007	Increases	Ι	Decreases	July 1, 2006
Academic mentor	\$ 7	,680	\$ 8,528	\$ 5,663	\$	4,815	\$ 7,000	\$	2,185	\$ -
Annual staff		262	24,365	25,251		1,148	30,319		29,356	185
Athletic		-	28,094	28,094		-	28,094		28,094	-
Boys baseball	5	,797	10,335	8,803		4,265	9,851		11,625	6,039
Boys basketball	1	,213	16,282	18,081		3,012	13,067		12,695	2,640
Cheerleading		464	4,972	5,564		1,056	8,845		8,151	362
CHS "Our Future"	1	,302	5,340	5,011		973	2,171		4,175	2,977
Class of 2006		-	-	-		-	-		768	768
Class of 2007		-	-	2,446		2,446	4,196		7,487	5,737
Class of 2008		-	2,985	6,955		3,970	10,826		8,577	1,721
Class of 2009	8	,006	10,250	5,894		3,650	6,030		2,395	15
Class of 2010	3	,470	4,915	1,463		18	200		182	-
Class of 2011		315	398	83		-	-		-	-
Cross country	2	,733	5,892	4,850		1,691	7,121		6,963	1,533
Dance Team		114	1,105	1,495		504	1,001		498	1
Drama		7	14,001	15,345		1,351	18,808		20,075	2,618
Electraton car	2	,443	6,578	7,798		3,663	5,981		6,044	3,726
Football	4	,743	22,304	19,616		2,055	26,570		25,438	923
Future Farmers of America	ı 1	,487	25,325	24,821		983	14,515		15,826	2,294
GAPP		220	22,675	22,455		-	-		-	-
Girls basketball	3	,573	11,964	13,985		5,594	9,670		7,921	3,845
Girls track		984	1,051	802		735	1,578		1,123	280
Golf	2	,757	926	210		2,041	900		-	1,141
Greenhouse		320	-	-		320	-		62	382
Industrial Arts	6	,479	9,503	7,193		4,169	5,298		9,235	8,106
Instrumental music		636	4,839	4,696		493	4,126		4,566	933
Jazz band		20	-	-		20	-		1	21
Media Center	1	,409	408	479		1,480	1,677		1,392	1,195
National Honor Society	2	,286	2,286	1,969		1,969	2,711		2,203	1,461
Parking lot		598	1,526	1,496		568	1,616		1,815	767
Pep Club		790	6	293		1,077	322		158	913
Prom account		511	-	500		1,011	221		230	1,020
Rietsma Trust		-	220	220		-	127		127	-

# **Analysis of Changes in Amounts Due to Depositors 9-12 Student Activities Fund**

		Balance,				Balance,					Balance,
	June	30, 2008	Increases	Decreases	Jı	une 30, 2007	I	ncreases	D	ecreases	July 1, 2006
S.A.D.D.	\$	41	\$ 413	\$ 493	\$	121	\$	-	\$	662	\$ 783
Ski Club		-	1,288	1,530		242		-		50	292
Soccer		4,529	6,642	3,714		1,601		1,872		1,150	879
Softball		4,238	17,617	15,570		2,191		3,063		4,107	3,235
Spanish Club		144	-	-		144		-		-	144
Spirit Shop		2,924	18,037	20,774		5,661		31,184		26,299	776
Student Council		835	14,185	15,686		2,336		13,224		12,904	2,016
Student loans		-	2,600	2,600		-		6,031		6,031	-
Tennis		2,472	1,718	1,019		1,773		1,379		1,810	2,204
Travel Club		1,477	2,040	2,041		1,478		-		-	1,478
Vocal Music Boosters		1,276	11,688	11,584		1,172		15,120		16,822	2,874
Volleyball		2,454	2,164	1,230		1,520		1,341		538	717
Wrestling		3,505	1,293	860		3,072		656		20	2,436
Miscellaneous		11,319	54,940	60,421		16,800		73,876		79,012	21,936
	\$	95 833	\$ 381 698	\$ 379.053	\$	93 188	\$	370 587	\$	368 772	\$ 91 373
	\$	95,833	\$ 381,698	\$ 379,053	\$	93,188	\$	370,587	\$ .	368,772	\$ 91,3

### Analysis of Changes in Amounts Due to Depositors Community Services Activities Fund

		Balance,	_	_	_	Balance,		_	Balance,
	June	30, 2008	Increases	 Decreases	Jı	une 30, 2007	Increases	 Decreases	 July 1, 2006
Senior citizens	\$	3,431	\$ 45,080	\$ 43,903	\$	2,254	\$ 68,176	\$ 70,449	\$ 4,527
Miscellaneous		3,410	9,635	10,193		3,968	11,462	8,219	725
	\$	6,841	\$ 54,715	\$ 54,096	\$	6,222	\$ 79,638	\$ 78,668	\$ 5,252

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards



99 Monroe Avenue N.W., Suite 800 Grand Rapids, Michigan 49503-2654 Telephone: (616) 774-7000 Fax: (616) 776-3680

#### **Independent Auditors' Report**

Board of Education Coopersville Area Public Schools Coopersville, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Coopersville Area Public Schools (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coopersville Area Public Schools' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated August 25, 2008.

This report is intended solely for the information and use of the Board of Education, management, others within the District, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Grand Rapids, Michigan

BDO Seedma, LLP

August 25, 2008

Report on Compliance
With Requirements Applicable to
Each Major Program and Internal
Control Over Compliance in
Accordance With OMB
Circular A-133



99 Monroe Avenue N.W., Suite 800 Grand Rapids, Michigan 49503-2654 Telephone: (616) 774-7000 Fax: (616) 776-3680

#### **Independent Auditors' Report**

Board of Education Coopersville Area Public Schools Coopersville, Michigan

#### **Compliance**

We have audited the compliance of Coopersville Area Public Schools (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, Coopersville Area Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

#### Internal Control Over Compliance

The management of Coopersville Area Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with

requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, others within the District, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Grand Rapids, Michigan

BDO Serdman, LLP

August 25, 2008

# Schedule of Expenditures of Federal Awards

Year ended June 30, 2008	Federal CFDA Number	Program or Award Amount	Prior Yea Expenditure (memorandun only
Federal Grantor/Pass-Through Grantor/Program/Project Number			
U.S. Department of Education			
Passed through Michigan Department of Education:			
Title I	84.010		
071530-0607		\$ 221,767	\$ 221,767
081530-0708		246,830	-
Title I Migrant Education	84.011		
081890-0708		61,452	-
Title II Part A Improving Teacher Quality	84.367		
070520-0607		93,335	73,986
080520-0708		94,320	· -
Title II Part D Technology Literacy Challenge	84.318	,	
084290-0708		2,317	-
Title V Part A Innovative Programs	84.298	,	
080250-0708		570	-
Total passed through Michigan Department of Education  Passed through Ottawa Area Intermediate School District:			
Drug Free Schools	84.186		
072860 0607	0.1100	6,029	6,029
082860 0708		6,889	5,025
IDEA - Flow Through	84.027	0,009	
070450 0607	01.027	427,035	427,035
080450 0708		457,902	127,033
IDEA - Transition	84.027	137,702	
070490 0607	04.027	1,777	1,473
080490 0708		1,001	1,475
PPI	84.173	1,001	
070460 0607	04.173	12.050	12.050
080460 0708		12,959 12,961	12,959
		12,901	

## Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue at July 1, 2007	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2008
\$ 2,346	\$ 2,346 232,766	\$ - 246,830	\$ - 14,064
-	61,452	61,452	-
19,349	19,349 73,839	- 84,061	10,222
-	2,317	2,317	-
	570	570	
21,695	392,639	395,230	24,286
452	1,531 6,776	1,079 6,890	- 114
213,518	213,518 228,951	457,902	228,951
304	304 1,001	1,001	-
6,479	6,479 6,481	- 12,961	6,480
220,753	465,041	479,833	235,545
242,448	857,680	875,063	259,831

Year ended June 30, 2008	Federal CFDA Number	Program or Award Amount	Prior Year Expenditures (memorandum only)
Federal Grantor/Pass-Through Grantor/Program/Project Number			
U.S. Department of Health and Human Services  Passed through Ottawa Area Intermediate School District:  Medicaid Outreach  07/08	93.778	\$ 4.316	\$ -
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	<u> </u>
U.S. Department of Agriculture			
Passed through Michigan Department of Education:			
National School Lunch	10.555	244,338	-
National School Breakfast	10.553	49,471	-
Bonus Commodities	10.550	211	-
Entitlement Commodities	10.550	34,271	-
Total U.S. Department of Agriculture  Total Federal Financial Assistance			

## Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue at une 30, 2008	Jı	Current Year Expenditures	Current Year Receipts	Cı	Accrued (Deferred) Revenue at uly 1, 2007	
<u>-</u>	\$	4,316	\$ 5,254	\$	938	\$
(128) (4,490)		244,338 49,471 114 29,862	244,338 49,471 211 34,271		- (31) (81)	
(4,618) 255,213	\$	323,785 1,203,164	\$ 328,291 1,191,225	\$	(112)	\$

# Note to Schedule of Expenditures of Federal Awards

#### Note to Schedule of Expenditures of Federal Awards

#### 1. General

Revenues are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

Expenditures are recorded under the modified accrual basis of accounting.

Expenditures in this schedule agree with amounts reported in the basic financial statements and financial reports. Amounts reported in the Grant Section Auditors' Report reconcile with this schedule. Inventory values are based on the USDA value for donated food commodities and include spoilage.

# **Schedule of Findings** and Questioned Costs

#### Schedule of Findings and Questioned Costs Year Ended June 30, 2008

Section I - Summary of Auditors' Results		
Financial Statements		
Type of auditors' report issued:		unqualified
Internal control over financial reporting:		
Material weakness(es) identified?		no
Significant deficiency(ies) identified th material weakness(es)?	at are not considered to be	none reported
Noncompliance material to financial statem	nents noted?	no
Federal Awards		
Internal control over major programs:		
Material weakness(es) identified?		no
Significant deficiency(ies) identified th material weakness(es)?	at are not considered to be	none reported
Type of auditors' report issued on compliance for major programs:		unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of <i>OMB Circular A-133</i> ?		no
Identification of major programs:		
CFDA Number	Name of Federal Program or Cluster	
84.027 84.173	Special Education Cluster, which consists of IDEA - Flow Through, PPI and Transition	
Dollar threshold used to distinguish between	en Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?		yes

#### **Section II - Findings Related to the Financial Statements**

There were no findings which are required to be reported under Government Auditing Standards.

#### **Section III - Findings and Questioned Costs Federal Award**

There were no findings or questioned costs.

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August 25, 2008

Board of Education Coopersville Area Public Schools 198 East Street Coopersville, Michigan 49404

Dear Members of the Board:

In connection with our audit of the basic financial statements of Coopersville Area Public Schools (the District) for the year ended June 30, 2008, we reviewed significant accounting policies and procedures and certain business, financial and administrative practices for the purpose of determining the nature, timing and scope of our audit. The comments that follow are intended to provide you with current information related to governmental accounting and reporting standards and laws and regulations.

#### **New Pronouncements**

There are several new pronouncements that have been issued by the Governmental Accounting Standards Board (GASB) that will affect future annual financial reports issued by the District. A brief summary of these new pronouncements is listed below:

**GASB Statement No. 49,** Accounting and Financial Reporting for Pollution Remediation Obligations, discusses how to identify and report pollution remediation obligations. Examples include water pollution, brownfield remediation and asbestos removal, but not landfill closure costs. The pronouncement identifies five obligating events which could trigger recording a liability. The liability would include pre-cleanup, cleanup activities, oversight and enforcement activities. A liability is required to be reported once it is possible to reasonably estimate the liability, regardless of whether it is probable that it will be paid. The pronouncement will be effective for the year ending June 30, 2009.

GASB Statement No. 51, Accounting and Reporting for Intangible Assets, requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Goodwill is specifically excluded. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. Examples of assets that may be considered intangible assets include easements, water rights, timber rights, patents, trademarks, and computer software. There are special rules for internally generated software. This pronouncement will be effective for the year ending June 30, 2010.



GASB Statement No. 52, Land and Other Real Estate Held as Investments by Endowments, Requires land and real estate held by endowments to be reported at fair value with changes in fair value reported as investment income. This pronouncement will be effective for the year ending June 30, 2009. Unless an endowment is established, this will have no effect on the financial reporting of the District.

**GASB Statement No. 53,** Accounting and Financial Reporting for Derivative Instruments, requires that derivatives be recognized and measured at fair value with changes recognized as investment income. Hedges must be evaluated for effectiveness. Examples of derivatives are interest rate locks or swaps. The approach is similar to private sector accounting and reporting. This pronouncement will be effective for the year ending June 30, 2010.

**GASB Invitation to Comment,** Fund Balance Reporting and Governmental Fund Type Definitions, attempts to clarify the availability of resources in funds other than the General Fund and define what is meant by "legally restricted." The pronouncement would clarify the fund balance classifications and eliminate the "reserved fund balance" category. The new categories would be spendable and nonspendable, with the spendable category being further broken down into four sub-categories: restricted, limited, assigned and unassigned.

\* \* \* \* \*

We appreciate the outstanding cooperation received from you and your staff during our audit of the District's financial statements. We are proud to be associated with you and your organization and look forward to many more years of service to Coopersville Area Public Schools.

Very truly yours,

BDO Serdmo\_, LLP